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FINANCE DIVISION  
OPERATIONS AND LIAISON BRANCH

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NOTICE NUMBER: 46

27 October 1959

SUBJECT : Procedures for Recording Accrued Costs by Operations and Liaison Branch, Finance Division

I. Effective 1 October 1959, the following procedures will be used in recording the types of accrued costs which are reflected below:

A. Travel Expense (Exclusive of travel costs to be accounted for at Class "A" field installations.)

1. The estimated costs reflected on the travel order will be used to accrue this type of expense.
2. The BF Officers will reflect the estimated costs, by object classification, on the travel order.
3. When a travel order is received in the Operations and Liaison Branch, it will be filed alphabetically according to area division or office by the appropriate Operations and Liaison Section.
4. When the audit of a travel accounting is started, the related travel order will be removed from the alphabetical file mentioned in paragraph 3 above and attached to the travel accounting.
5. At the close of each month all travel orders (exclusive of blanket travel orders), for which travel accountings have not been recorded, will be scheduled in duplicate by cost center account and object classification. An accrual entry will be prepared from the totals reflected on the schedule and the voucher will be supported by the original copy of the schedule. This accrual entry will be reversed on the first working day of the following month and the voucher will be supported by the duplicate of the schedule referred to above.
6. The accrual entry that will be made at the close of each month is as follows:

Debit : Account No. 605 - Accrued Costs

Credit: Account No. 365 - Accrued Liabilities

7. The reversal entry that will be made on the first working day of the succeeding month is as follows:

Debit : Account No. 365 - Accrued Liabilities

Credit: Account No. 605 - Accrued Costs

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8. Travel performed under blanket travel orders and by agents of those Divisions who do not furnish the Finance Division with travel orders will be accrued according to a procedure to be presented at a later date. It is understood that the Area Division Budget and Fiscal Officers are being requested to furnish the Finance Division with a listing showing such travel performed for which no accounting has been submitted.

B. Funds Advanced to Subsidy Projects

1. An advance to a subsidy project will be charged to accrued cost at the time the advance is made. This entry to accrued cost will be reversed when the advance is written off to cost.
2. The entry to be recorded at the time the advance is made is as follows:

Debit : Account No. 142.1 - Funds Advanced to Subsidy Projects

Debit : Account No. 605 - Accrued Cost

Credit: Cash in Bank

Credit: Account No. 365 - Accrued Liabilities

3. The entry to be recorded at the time the advance is cleared is as follows:

Debit : Account No. 60B - Direct Allotment Cost

Debit : Account No. 365 - Accrued Liabilities

Credit: Account No. 142.1 - Funds Advanced to Subsidy Projects

Credit: Account No. 605 - Accrued Cost

C. Advances to Projects (Other than Subsidies)

1. The outstanding balance of each project in Account No. 142.2 -- "Advances to Projects (Other than Subsidies)" at the close of each month will be the amount that will be charged as accrued cost in the following month. Further, inasmuch as most of the expenses of these projects are charged to sub-objects of object class 17 (object class 07), the amount of the accrual will be charged to object class 17.
2. A listing of Account No. 142.2 is prepared by Machine Records Division at the close of each month which reflects the outstanding balance of each project. This listing is received in duplicate by the Operations and Liaison Branch between the tenth and twentieth of the following month.

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3. At the close of each month the Office of the Chief, Operations and Liaison Branch will prepare the following accrual entry in the amount of the grand total reflected on the listing mentioned in paragraph 2 above:

Debit : Account No. 605 - Accrued Cost

Credit: Account No. 365 - Accrued Liabilities

This entry will be supported by a copy of the above mentioned listing.

4. The accrual entry mentioned in paragraph 3 above will be reversed on the first working day of the following month. This reversing entry will be prepared by the Office of the Chief, Operations and Liaison Branch and will be supported by a copy of the listing mentioned in paragraph 2 above.

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D. Procedure for Recording Accrued Costs [REDACTED]  
by the Operations and Liaison Branch, Finance Division

1. The monthly accountings [REDACTED] are normally processed in the succeeding month. This results in a one month's lag in recording incurred costs. In accordance with the method proposed in the Memorandum for the Chairman, Comptrollers Policy Planning Group, dated 27 February 1959, a standard has been determined for [REDACTED] which is to be used as a basis for recording accrued costs. This standard represents an average monthly expenditure based on a study of each Station's last six month's activities. Worksheets supporting these standards are on file with the Chief, Operations and Liaison Branch.
2. The appropriate Certifying Officer will prepare a voucher based on the standards referred to in paragraph 1 above by making a charge to Account No. 605--Accrued Cost--and crediting Account No. 365. This voucher will reflect accrued costs for each cost center involved and costs will be broken down by object class. He will submit this voucher to the Accounts Branch no later than 3 November 1959.
3. The entry referred to in paragraph 2 above will remain on the records indefinitely as the monthly accrual, subject only to increase as per paragraph 4 below or adjustment as per paragraph 5 below. Accrual figures will be reviewed as at 30 June to determine, as nearly as possible, their accuracy.

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4. Should the previous month's accounting [REDACTED] be so delayed as to not be recorded in the current month's activities (the July accounting not being processed until September, for example), an additional amount, equal to the previously established standard, will be recorded as an additional accrual. For each additional month's delay in processing, a similar amount will be additionally accrued.

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5. Should it be necessary to accrue more than one month's standard, as in the instance cited in paragraph 4, the additional amounts will be reversed from Account No. 605 and Account No. 365 as soon as the accountings become current again; i.e., reverts to the normal one month's recording lag.
6. A review shall be made of the standard's accuracy on a quarterly basis. If significant variations are detected, the standard will be adjusted and the accrual figure will be corrected.
7. To aid the Certifying Officer in the control of these accounts, a control sheet shall be maintained for each installation. (See Attachment 2). This control sheet will reflect the current accrued cost status [REDACTED]

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